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The FARM INCOME SITUATION

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U. S. DEPT OF AGRICULTURE
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FARM INCOME IN 1961

Farm operators' realized net income in 1961 will be up from 1960, by a billion dollars or more--an increase of about 10 percent from the $11.6 billion estimated for 1960. An increase of $1\frac{1}{2}$ billions in realized gross receipts indicated for 1961 reflects anticipated record farm marketings, higher prices for crops, and increased Government payments. Some increase in farm production expenses would offset part of the increase in receipts.

Recent developments leading to the more optimistic outlook for farm income than prevailed last fall include announced increases in support prices for cotton, corn and other feed grains, rice, peanuts, dairy products, gum naval stores, and oilseed crops including soybeans. The special feed grain program will give cooperating producers higher support prices for feed grains as well as payments to participating farmers for diverting from 20 to 40 percent of their corn and grain sorghum acreage to an approved conservation use.

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The United States totals in this report do not include Alaska and Hawaii.

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Cash receipts from livestock and livestock products this year are also expected to exceed 1960. Marketings of livestock will increase but this is not expected to have much price depressing effect. Cattle slaughter will likely increase again in 1961 and some further build-up in numbers is also expected. Breeding intentions by hog producers to date point to an increase of 5 to 7 percent in the spring pig crop. The seasonal price decline in the fall will likely result in prices below the relatively high levels of last fall, but for 1961 as a whole, hog prices may average a little above last year.

Growers' planting intentions as of March 1 indicate about the same total acreage for 1961 harvest as last year. However, these plans were reported before the announcement of the new feed grain program. Generally, weather to date has been much more favorable than in early 1960 for land preparation and planting operations. Should yields be higher-than-average, larger marketings of price-supported crops would result in increased cash receipts and further improvement in farmers' realized net income.

Some opportunity exists for an increase in 1961 income of farm people from nonfarm sources with the expected pickup in economic activity. In the last few years, off-farm income of farmers has been estimated to be about one-third of the net income of the farm population from all sources.

Cash receipts from farm marketings in 1961 are expected to be well above 1960 and at a record high. The volume of marketings is expected to total a little above the record volume estimated for 1960; livestock marketings will likely be larger while little change is indicated in the total movement of crops to market. Prices received for farm products as a whole in 1961 are expected to average a little above 1960 due primarily to higher prices for major crops and dairy products.

Among the livestock and livestock products group, cash receipts in 1961 are expected to be higher for meat animals with the possible exception of sheep and lambs. An increased volume of marketings is expected to maintain receipts from broilers and turkeys but lower prices probably will reduce cash returns from eggs. More milk and higher prices are expected to yield larger cash receipts from dairy products.

Cash receipts from farm marketings of cotton and oil-bearing crops probably will be up substantially. Little change is in prospect for cash receipts from wheat, tobacco, and vegetables. Receipts from oranges probably will be higher in 1961 due to improved prices but this may be offset by lower returns from apples, peaches, and some other fruits and nuts. In addition to larger cash receipts from farm marketings in 1961, Government payments to farmers will be higher. Payments to cooperators for reduced acreage under the special feed grain program are expected to add materially to farmers' gross receipts. A slight offset to Government payments to farmers will result from the expiration of some Soil Bank contracts during the year.

Farm production expense increases in prospect for 1961 will offset part of the indicated increase in farmers' gross receipts. Prices paid by farmers

Table 1.--Gross and net income of farm operators, seasonally adjusted at annual rates, by quarters, 1960-61

Item	1960					1961
	Year	I	II	III	IV	I
	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars
Cash receipts from farm marketings	33.7	32.3	34.1	34.0	34.3	35.2
Nonmoney income and Government payments	4.2	4.2	4.2	4.1	4.3	4.2
Realized gross farm income	37.9	36.5	38.3	38.1	38.6	39.4
Farm production expenses	26.3	26.3	26.5	26.2	26.2	26.6
Farmers' realized net income	11.6	10.2	11.8	11.9	12.4	12.8
Net change in farm inventories	.4	.4	.3	.3	.4	.2
Farmers' total net income	12.0	10.6	12.1	12.2	12.8	13.0

for production items including interest, taxes and wage rates averaged one percent above a year earlier in the first quarter and will likely continue higher than in 1960. Costs of feed and livestock purchases may increase some from 1960. Feed grain prices during 1961 are expected to average close to a year earlier but protein and by-product feed prices will likely rise some from 1960. Feed purchases are also expected to be larger in 1961 as production of livestock products increase. Prices of feeder livestock for the year as a whole may average little different from 1960, but the volume of purchases is expected to increase. Charges for taxes and interest also will increase. With prospects for some further increase in prices of production items of nonfarm origin, many miscellaneous production expense items are expected to be higher in 1961. The farm bill for services such as cotton ginning, milk hauling, electricity, telephone, veterinary, and livestock marketing probably will go up this year.

First Quarter Realized Net Income

The first quarter 1961 realized net income, seasonally adjusted annual rate, at $12.8 billion was up from the fourth quarter 1960 rate of $12.4 billion (table 1) and well above the relatively low first quarter in 1960. The increase in cash receipts in recent months more than offset an increase in production expenses. Some increase in prices of farm products and a larger-than-usual movememt of crops to market accounted for the rise from the fourth quarter last year. The increase in the production expenses reflected increased prices of feeder livestock and feed as well as higher charges for interest, taxes, and wages in the first quarter of this year.

The first quarter 1961 realized net income totaled considerably above the first quarter of last year when low prices, particularly for livestock, and a depressed level of crop marketings contributed to reduced cash receipts. Increased marketings and some pick up in prices has resulted in an improvement in realized net income of farmers since the low first quarter in 1960.

First Quarter Cash Receipts

Total cash receipts from farm marketings in the first quarter of 1961 were estimated at $7.6 billion, up 10 percent from the same period of 1960. The gain was accounted for by a 7 percent increase in the volume of marketings and a 3 percent increase in the average of prices received for farm products.

First quarter livestock and livestock products receipts, estimated at $4.8 billion, were up almost 8 percent from a year earlier with higher prices accounting for most of the increase. Receipts from eggs, broilers, and hogs showed the most gain from the first quarter of 1960. Crop receipts in January-March 1961 were up more than 13 percent from the opening quarter in 1960 with the average price for all crops almost the same in both periods. Cash returns from soybeans, wheat, corn, and oranges were well above year-earlier levels.

The preliminary estimate of cash receipts from farm marketings in March 1961 was $2.3 billion, up 5 percent from March 1960 due largely to increased marketings. Livestock receipts were estimated at $1.7 billion and crop receipts at $0.6 billion.

Table 2.- Index numbers of volume of farm marketings and home consumption, by major subindexes, 1940-60

(1947-49 = 100)

Year	Marketings			Home consumption			Marketings and home consumption			Food		Nonfood marketings 1/
	Livestock and products	Crops	Total	Livestock and products	Crops	Total	Livestock and products	Crops	Total	Marketings	Marketings and home consumption	
1940	81	72	77	117	126	119	84	75	80	78	82	74
1941	84	73	79	113	127	116	86	76	82	81	85	71
1942	93	80	88	110	126	114	95	83	90	91	93	78
1943	103	79	93	112	122	115	104	81	94	97	98	80
1944	107	85	98	111	120	114	107	87	99	102	103	84
1945	105	87	98	112	115	113	106	89	99	102	103	85
1946	103	86	96	114	117	115	104	87	97	101	102	78
1947	102	96	99	106	106	106	103	96	100	102	102	92
1948	96	98	97	100	100	100	97	98	97	98	98	95
1949	101	106	103	94	94	94	101	106	103	100	100	113
1950	104	96	100	90	89	90	102	96	100	101	99	100
1951	107	95	102	88	84	87	105	94	100	103	101	99
1952	109	101	106	85	77	83	107	100	104	106	104	104
1953	113	108	111	79	72	77	109	107	108	109	106	116
1954	117	105	112	76	70	75	112	103	108	111	108	112
1955	121	109	116	76	68	74	116	107	112	114	110	121
1956	128	111	121	75	66	73	123	109	117	121	116	121
1957	126	102	116	71	65	70	121	100	112	118	113	108
1958	127	121	124	69	63	68	121	118	120	122	117	131
1959	133	122	128	68	62	67	126	119	123	126	120	133
1960	135	127	132	67	60	65	127	124	126	128	122	141
1961 2/	138	126	133	64	57	62	130	123	127	131	124	140

1/ There are no nonfood items in the home consumption index.

2/ Preliminary estimates as of April 1.

Table 3 .- Cash receipts from farming, United States

Source	January		February		January-February	
	1960	1961	1960	1961	1960	1961
	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.	Mil.dol.
Farm marketings and CCC loans 1/	2,696	3,065	2,059	2,287	4,755	5,352
Livestock and products	1,450	1,627	1,370	1,463	2,820	3,090
Meat animals	834	938	776	819	1,610	1,757
Dairy products	381	408	368	376	749	784
Poultry and eggs	208	247	200	238	408	485
Other	27	34	26	30	53	64
Crops	1,246	1,438	689	824	1,935	2,262
Food grains	147	222	74	106	221	328
Feed crops	389	438	252	277	641	715
Cotton (lint and seed)	205	234	44	50	249	284
Oil-bearing crops	95	150	49	96	144	246
Tobacco	63	82	15	18	78	100
Vegetables	129	105	93	91	222	196
Fruits and tree nuts	101	126	88	113	189	239
Other	117	81	74	73	191	154
Government payments	51	46	34	22	85	68
Total cash receipts	2,747	3,111	2,093	2,309	4,840	5,420

1/ Receipts from loans represent value of loans minus value of redemptions during the month.

Table 4 .- Index numbers of cash receipts from farm marketings and CCC loans, physical volume of farm marketings, and prices received by farmers, United States (1947-49=100)

Item	January		February		January-February	
	1960	1961	1960	1961	1960	1961
Cash receipts from farm marketings and CCC loans: 1/						
All commodities	111	126	85	94	98	110
Livestock and products	106	119	101	107	103	113
Crops	116	134	64	77	90	105
Physical volume of farm marketings:						
All commodities	131	143	100	104	115	124
Livestock and products	128	131	120	118	124	124
Crops	134	160	74	86	104	123
Prices received by farmers:						
All commodities	86	89	86	90	86	89
Livestock and products	83	90	84	89	84	89
Crops	89	88	88	90	89	89

1/ Receipts from loans represent value of loans minus value of redemptions during the month.

Table 5 .-Cash receipts from farm marketings, by States, January 1960-61

State and Region	Livestock and products		Crops		Total	
	1960	1961	1960	1961	1960	1961
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Maine	8,501	10,691	9,407	6,986	17,908	17,677
New Hampshire	4,168	4,463	842	879	5,010	5,342
Vermont	8,459	10,056	654	798	9,113	10,854
Massachusetts	8,858	9,345	3,638	3,511	12,496	12,856
Rhode Island	1,162	1,357	504	543	1,666	1,900
Connecticut	8,399	8,571	4,937	4,284	13,336	12,855
New York	49,033	55,024	15,304	15,891	64,337	70,915
New Jersey	13,833	14,918	3,792	4,462	17,625	19,380
Pennsylvania	44,361	47,939	15,120	15,453	59,481	63,392
North Atlantic Region	146,774	162,364	54,198	52,807	200,972	215,171
Ohio	44,441	53,506	27,386	31,624	71,827	85,130
Indiana	55,344	62,720	33,632	39,238	88,976	101,958
Illinois	97,553	110,367	95,376	117,045	192,929	227,412
Michigan	31,527	34,557	23,097	21,038	54,624	55,595
Wisconsin	83,463	96,545	12,118	11,301	95,581	107,846
East North Central Region	312,328	357,695	191,609	220,246	503,937	577,941
Minnesota	88,009	100,424	41,085	52,510	129,094	152,934
Iowa	151,841	172,320	84,812	114,482	236,653	286,802
Missouri	51,279	58,193	21,543	23,340	72,822	81,533
North Dakota	16,312	18,337	30,569	32,204	46,881	50,541
South Dakota	41,142	48,165	10,223	23,656	51,365	71,821
Nebraska	65,357	71,273	69,186	80,284	134,543	151,557
Kansas	52,632	58,407	58,744	93,522	111,376	151,929
West North Central Region	466,572	527,119	316,162	419,998	782,734	947,117
Delaware	5,303	5,701	1,103	1,158	6,406	6,859
Maryland	15,339	15,109	2,786	3,036	18,125	18,145
Virginia	15,396	16,719	10,099	11,803	25,495	28,522
West Virginia	5,605	4,980	1,713	1,714	7,318	6,694
North Carolina	20,828	23,795	13,914	14,576	34,742	38,371
South Carolina	8,615	9,437	7,284	7,689	15,899	17,126
Georgia	30,057	35,025	8,756	7,885	38,813	42,910
Florida	18,482	21,153	86,810	99,917	105,292	121,070
South Atlantic Region	119,625	131,919	132,465	147,778	252,090	279,697
Kentucky	19,505	21,830	34,376	48,194	53,881	70,024
Tennessee	16,072	17,260	20,124	22,327	36,196	39,587
Alabama	22,201	24,836	6,646	4,469	28,847	29,305
Mississippi	18,607	20,548	17,811	13,804	36,418	34,352
Arkansas	14,746	16,412	24,270	37,052	39,016	53,464
Louisiana	11,375	12,891	15,430	14,959	26,805	27,850
Oklahoma	22,776	24,485	19,564	29,909	42,340	54,394
Texas	70,633	79,911	125,429	147,000	196,062	226,911
South Central Region	195,915	218,173	263,650	317,714	459,565	535,887
Montana	10,681	11,088	22,717	22,470	33,398	33,558
Idaho	16,374	17,796	22,380	17,755	38,754	35,551
Wyoming	4,506	4,894	3,311	3,556	7,817	8,450
Colorado	30,247	33,512	23,492	25,968	53,739	59,480
New Mexico	5,810	6,816	9,747	5,284	15,557	12,100
Arizona	11,633	12,836	35,441	35,555	47,074	48,391
Utah	10,558	11,548	3,137	1,956	13,695	13,504
Nevada	3,094	3,422	536	1,059	3,630	4,481
Washington	17,413	18,670	25,803	25,884	43,216	44,554
Oregon	14,719	15,761	12,734	12,542	27,453	28,303
California	83,714	93,064	128,374	127,578	212,088	220,642
Western Region	208,749	229,407	287,672	279,607	496,421	509,014
United States	1,449,963	1,626,677	1,245,756	1,438,150	2,695,719	3,064,827

Table 6 .--Cash receipts from farm marketings, by States, February 1960-61

State	Livestock and products		Crops		Total	
	1960	1961	1960	1961	1960	1961
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Maine	8,009	9,816	10,452	7,581	18,461	17,397
New Hampshire	3,981	3,982	809	847	4,790	4,829
Vermont	8,628	8,959	608	807	9,236	9,766
Massachusetts	8,844	8,843	3,174	3,114	12,018	11,957
Rhode Island	1,153	1,270	492	548	1,645	1,818
Connecticut	8,120	8,101	4,596	4,025	12,716	12,126
New York	46,093	49,797	13,387	14,648	59,480	64,445
New Jersey	12,783	13,897	4,178	4,724	16,961	18,621
Pennsylvania	43,076	44,704	13,855	13,677	56,931	58,381
North Atlantic Region	140,687	149,369	51,551	49,971	192,238	199,340
Ohio	46,222	51,471	17,375	19,114	63,597	70,585
Indiana	55,956	61,000	28,333	36,977	84,289	97,977
Illinois	89,111	94,316	66,070	90,021	155,181	184,337
Michigan	29,208	30,954	15,342	16,768	44,550	47,722
Wisconsin	82,296	88,795	8,532	8,452	90,828	97,247
East North Central Region	302,793	326,536	135,652	171,332	438,445	497,868
Minnesota	85,270	90,846	24,874	33,935	110,144	124,781
Iowa	156,150	169,115	55,702	64,909	211,852	234,024
Missouri	48,415	53,729	11,644	12,326	60,059	66,055
North Dakota	11,112	11,845	16,210	18,851	27,322	30,696
South Dakota	34,045	37,674	5,777	11,607	39,822	49,281
Nebraska	64,277	67,116	38,502	45,487	102,779	112,603
Kansas	49,029	50,938	30,811	51,123	79,840	102,061
West North Central Region	448,298	481,263	183,520	238,238	631,818	719,501
Delaware	5,031	5,065	1,128	1,221	6,159	6,286
Maryland	14,460	14,431	2,661	3,004	17,121	17,435
Virginia	15,093	16,193	6,573	7,025	21,666	23,218
West Virginia	5,037	4,707	1,369	1,267	6,406	5,974
North Carolina	20,719	23,694	10,210	10,686	30,929	34,380
South Carolina	7,975	8,463	4,383	4,173	12,358	12,636
Georgia	27,825	31,600	6,336	7,092	34,161	38,692
Florida	16,706	17,517	64,516	86,338	81,222	103,855
South Atlantic Region	112,846	121,670	97,176	120,806	210,022	242,476
Kentucky	18,925	20,275	6,504	8,327	25,429	28,602
Tennessee	15,948	16,768	8,563	10,232	24,511	27,000
Alabama	21,035	22,125	4,604	4,359	25,639	26,484
Mississippi	17,896	19,524	6,403	7,136	24,299	26,660
Arkansas	14,730	16,304	10,052	10,523	24,782	26,827
Louisiana	10,344	11,227	3,449	4,517	13,793	15,744
Oklahoma	21,428	22,073	5,626	7,706	27,054	29,779
Texas	55,684	59,639	30,800	38,064	86,484	97,703
South Central Region	175,990	187,935	76,001	90,864	251,991	278,799
Montana	8,843	8,973	9,777	10,803	18,620	19,776
Idaho	13,978	14,528	14,754	13,378	28,732	27,906
Wyoming	3,830	3,968	1,102	1,627	4,932	5,595
Colorado	25,673	26,300	11,957	17,143	37,630	43,443
New Mexico	5,190	5,438	2,673	2,642	7,863	8,080
Arizona	9,973	10,137	11,771	11,811	21,744	21,948
Utah	8,668	8,850	1,600	1,538	10,268	10,388
Nevada	2,818	2,801	828	583	3,646	3,384
Washington	16,218	16,365	13,255	15,418	29,473	31,783
Oregon	13,191	13,368	7,040	7,033	20,231	20,401
California	80,675	85,379	70,211	70,961	150,886	156,340
Western Region	189,057	196,107	144,968	152,937	334,025	349,044
United States	1,369,671	1,462,880	688,868	824,148	2,058,539	2,287,028

Table 7.--Cash receipts from farm marketings, by States, January-February, 1960-61

State	Livestock and products		Crops		Total	
	1960	1961	1960	1961	1960	1961
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Maine	16,510	20,507	19,859	14,567	36,369	35,074
New Hampshire	8,149	8,445	1,651	1,726	9,800	10,171
Vermont	17,087	19,015	1,262	1,605	18,349	20,620
Massachusetts	17,702	18,188	6,812	6,625	24,514	24,813
Rhode Island	2,315	2,627	996	1,091	3,311	3,718
Connecticut	16,519	16,672	9,533	8,309	26,052	24,981
New York	95,126	104,821	28,691	30,539	123,817	135,360
New Jersey	26,616	28,815	7,970	9,186	34,586	38,001
Pennsylvania	87,437	92,643	28,975	29,130	116,412	121,773
North Atlantic Region	287,461	311,733	105,749	102,778	393,210	414,511
Ohio	90,663	104,977	44,761	50,738	135,424	155,715
Indiana	111,300	123,720	61,965	76,215	173,265	199,935
Illinois	186,664	204,683	161,446	207,066	348,110	411,749
Michigan	60,735	65,511	38,439	37,806	99,174	103,317
Wisconsin	165,759	185,340	20,650	19,753	186,409	205,093
East North Central Region	615,121	684,231	327,261	391,578	942,382	1,075,809
Minnesota	173,279	191,270	65,959	86,445	239,238	277,715
Iowa	307,991	341,435	140,514	179,391	448,505	520,826
Missouri	99,694	111,922	33,187	35,666	132,881	147,588
North Dakota	27,424	30,182	46,779	51,055	74,203	81,237
South Dakota	75,187	85,839	16,000	35,263	91,187	121,102
Nebraska	129,634	138,389	107,688	125,771	237,322	264,160
Kansas	101,661	109,345	89,555	144,645	191,216	253,990
West North Central Region	914,870	1,008,382	499,682	658,236	1,414,552	1,666,618
Delaware	10,334	10,766	2,231	2,379	12,565	13,145
Maryland	29,799	29,540	5,447	6,040	35,246	35,580
Virginia	30,489	32,912	16,672	18,828	47,161	51,740
West Virginia	10,642	9,687	3,082	2,981	13,724	12,668
North Carolina	41,547	47,489	24,124	25,262	65,671	72,751
South Carolina	16,590	17,900	11,667	11,862	28,257	29,762
Georgia	57,882	66,625	15,092	14,977	72,974	81,602
Florida	35,188	38,670	151,326	186,255	186,514	224,925
South Atlantic Region	232,471	253,589	229,641	268,584	462,112	522,173
Kentucky	38,430	42,105	40,880	56,521	79,310	98,626
Tennessee	32,020	34,028	28,687	32,559	60,707	66,587
Alabama	43,236	46,961	11,250	8,828	54,486	55,789
Mississippi	36,503	40,072	24,214	20,940	60,717	61,012
Arkansas	29,476	32,716	34,322	47,575	63,798	80,291
Louisiana	21,719	24,118	18,879	19,476	40,598	43,594
Oklahoma	44,204	46,558	25,190	37,615	69,394	84,173
Texas	126,317	139,550	156,229	185,064	282,546	324,614
South Central Region	371,905	406,108	339,651	408,578	711,556	814,686
Montana	19,524	20,061	32,494	33,273	52,018	53,334
Idaho	30,352	32,324	37,134	31,133	67,486	63,457
Wyoming	8,336	8,862	4,413	5,183	12,749	14,045
Colorado	55,920	59,812	35,449	43,111	91,369	102,923
New Mexico	11,000	12,254	12,420	7,926	23,420	20,180
Arizona	21,606	22,973	47,212	47,366	68,818	70,339
Utah	19,226	20,398	4,737	3,494	23,963	23,892
Nevada	5,912	6,223	1,364	1,642	7,276	7,865
Washington	33,631	35,035	39,058	41,302	72,689	76,337
Oregon	27,910	29,129	19,774	19,575	47,684	48,704
California	164,389	178,443	198,585	198,539	362,974	376,982
Western Region	397,806	425,514	432,640	432,544	830,446	858,058
United States	2,819,634	3,089,557	1,934,624	2,262,298	4,754,258	5,351,855

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